

REPORT

DATE: September 4, 2003

TO: Community Economic and Human Development Committee (CEHD)

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SUBJECT: Adjustments to the Trend Projections according to Recent
DOF Population, Household, and EDD Employment
Data for 2000-2003 for use as No Project RTP/EIR Alternative

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTION:

Direct staff to make adjustments to the Trend Projections according to recent DOF Population, Household, and EDD Employment data for 2000-2003 for use as No Project RTP/EIR Alternative.

BACKGROUND:

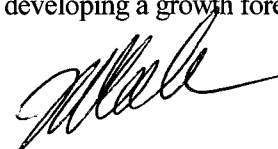
As the recent estimates of population, households, and jobs from California Department of Finance (DOF) and California Employment Development Department (EDD) are made available, the Community Development (CD) staff of the Planning and Policy Department reviewed and analyzed the growth trends of population, households, and jobs between 2000 and 2003. The analysis shows potentially large forecasting discrepancies and/or uncertainties between SCAG's Trend Projections and official statistics. For example, population projections up to 2003 from the Trend Projection were underestimated relative to the recent growth trends, while household and job projections up to 2003 from the Trend Projection were overestimated relative to the recent growth trends.

To maintain consistency of 2004 RTP growth forecasts with the most recent demographic and employment statistics up to 2003, staff developed adjustments to current Trend Projections. In August 2003 the Plans and Programs Technical Advisory Committee (P&P TAC) discussed adjustments to the Trend Projections. The TAC suggested staff further investigate the balance between population, workers and employment and examine Department of Finance (DOF) household growth with recent building permit data. The consensus was to move the adjustments forward with the results of these investigations and the recent DOF and EDD data to prepare the No Project RTP/EIR Alternative.

Staff continues to refine the approach for adjustments and has provided analysis of recent growth trends of population, households, and employment in the attachments. Methodologies and assumptions being used for developing adjustments to current Trend Projections in 2010 and 2030 are also included.

FISCAL IMPACT:

No fiscal impact will occur as a result of this action. The work involved in developing a growth forecast is included in FY 03-04 OWP work element number 04-050 SCGS1.



ATTACHMENT ONE ANALYSIS OF RECENT GROWTH 2000-2003

POPULATION

Recent Trends

- Between 2000 and 2003, the region has added 923,000 people.
- By 2003, the regional population is 300,000 higher than SCAG Trend Projection.
- The major component of the recent fast growth is domestic migration. The annual average domestic migration during the period of 1990-2000 was -150,000, but the recent annual average of domestic migration is +39,000.
- The recent trend of other components of growth including the births, deaths, and net immigration is in line with the trend projection.
 - The natural increase has slowed down due to the declining births since 1990. The annual births of 1990-1991 were 328,000, but the annual births of 2002-2003 were 268,000.
 - Net immigration has been stable and has leveled off since 1996..

Recent Trend of Population (in Thousands)

	4/1/2000*	1/1/2001	1/1/2002	1/1/2003	2000-2003
Census/DOF	16,516	16,764	17,110	17,439	923
Trend Proj.	16,516	16,684	16,909	17,133	617
Diff (Trend Proj. – Census/DOF)		-80	-201	-306	
% Diff		-0.5%	-1.2%	-1.8%	

* 2000 Census

Adjustment of Trend Projection with Inclusion of Recent Trend

2010

- The positive net domestic migration will become negative due to the slow employment growth and the relatively high unemployment rate.
- During 2003-2010, annual population growth will decrease from 335,000 (2000-2003) to 240,000 (2003-2010) (71% of 2000-2003 annual average growth).
- The projected annual average population growth of 240,000 between 2003-2010 is more than that of 190,000 between 1990-2000.
- 2010 population estimate: 19.2 million
- 480,000 (2.6%) more than the Trend Projection and Local Input.
- 2010 county distribution: Local Input

2030

- Kept the growth pattern of Trend Projection between 2010 and 2030.
- Maintained the increasing pattern of employment to population ratio from 2.25 in 2010 to 2.3 in 2030.
- 2030 population projection: add 480,000 to 2030 Trend Projection. (Add 1,125,000 to 2030 local input.)
- Annual population growth will decrease from 240,000 (2003-2010) to 183,000 (2010-2030).

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MEMO

- 2030 population estimate: 22.9 million, which is 480,000 (2.1%) more than Trend Projection, and 1.1 million (5.2%) more than Local Input.
- 2030 county distribution: Local Input

HOUSEHOLDS

Recent Trends

- Between 2000 and 2003, the region added 135K households.
- By 2003, the regional household is 101,000 lower than the SCAG Trend Projection.
- The recent slow growth is due to the lower household formation level and the slow housing construction.
- The annual average household growths during 1990-2000 and 2000-2003 were 45,000 and 49,000, respectively.
- The recent housing permit activity is stronger than the recent household growth. Annual average housing permits during 2000-2003 were 70,000. The difference between housing growth and building permits might have been absorbed into the market to make up for the demolished housing units.

Recent Trend of Households (in Thousands)

	4/1/2000*	1/1/2001	1/1/2002	1/1/2003	2000-2003
Census/DOF	5,386	5,418	5,468	5,521	135
Trend Proj.	5,386	5,450	5,536	5,622	236
Diff (Trend Proj. -Census/DOF)		32	68	101	
% Diff		0.6%	1.2%	1.8%	

* 2000 Census

Adjustment of Trend Projection with Inclusion of Recent Trend

2010

- Reflect the declining household formation level (139,000). Removed the convergence assumptions that the Asian/Hispanic population will gradually increase its 2000 headship rates toward the White headship rates in 2000 (61,000).
- During 2003-2010, annual household growth will increase from 49,000 (2000-2003) to 70,000 (2003-2010).
- The projected annual average household growth of 70,000 between 2003-2010 is higher than that of 45,000 between 1990-2000.
- 2010 household estimate: 6.04 million
- 200,000 (3.2%) lower than the Trend Projection and 100,000 (1.6%) lower than Local Input.
- 2010 county distribution: Local Input

2030

- Maintained the household reduction of 139,000 between 2000-2010 for 2010-2030 due to the lower headship rates.
- Removed the convergence assumptions that the Asian/Hispanic population will gradually increase its 2000 headship rates toward the White headship rates in 2000. Households to be reduced: 61,000 (2010) and 284,000 (2030).

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MEMO

- Population to household ratio will increase from 3.07 in 2000 to 3.19 in 2010, then decrease to 3.07 in 2030.
- 2010-2030 household: reduce 423,000 from Trend Projection.
- Annual household growth will be maintained at 70,000 (2010-2030).
- 2030 household estimate: 7.4 million, which is 423,000 (5.8%) lower than Trend Projection, and 126,000 (1.7%) higher than Local Input.
- 2030 county distribution: Local Input.

EMPLOYMENT

Recent Trend

1. Recent data from EDD shows that job growth of SCAG region has been slow down since 2000.
 - Between 2000 to the first half of 2003, the 0.2% annual job growth rate is very low, compared to 2% during 1993-2000 period. In addition, SCAG Region has lost 400,000 jobs since 2001.
 - SCAG Trend Projection was completed in 2002. Recent job slowdown was not included.
 - The difference is significant: 2003 employment estimated by Trend Projection is about 6% (432,000) higher than actual data.

Recent Trend of Total Employment (x 1,000)

	2000	2001	2002	2003	2000-2003
EDD Data*	7,482	7,560	7,536	7,520	38
Trend Proj.	7,482	7,639	7,795	7,952	469
Diff (Trend Proj. - EDD)		78	259	432	
% Diff		1%	3%	6%	

* Include self employment

Estimate of Trend Projection with Inclusion of Recent Trend

2010

- Time-series regression analysis with 1993-2003 employment data.
- 2010 employment estimate: 8.56 million
- 489,000 (5.4%) lower than Trend Projection, 355,000 lower than Local Input
- R-square = 95%
- 2010 county distribution: Local Input

2030

- Trend Projection has considered the impact of aging baby boomer on future job growth. It is reasonable to keep the growth pattern of Trend Projection between 2010-2030.
- 2030 employment estimate: 9.95 million, which is 487,000 (4.7%) lower than Trend Projection, and 337,000 lower than Local Input
- 2030 county distribution: Local Input

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ATTACHMENT TWO GROWTH PROJECTION WITH ADJUSTMENT OF RECENT TREND

POPULATION (x 1,000)

County	2000	2010	2030
Imperial	147	189	270
Los Angeles	9,580	10,722	12,316
Orange	2,867	3,306	3,553
Riverside	1,560	2,085	3,045
San Bernardino	1,718	2,059	2,713
Ventura	758	874	993
SCAG	16,630	19,236	22,890

HOUSEHOLD (x 1,000)

County	2000	2010	2030
Imperial	39	55	84
Los Angeles	3,137	3,379	4,064
Orange	940	1,026	1,097
Riverside	509	682	1,036
San Bernardino	531	615	837
Ventura	244	280	327
SCAG	5,401	6,037	7,446

EMPLOYMENT (x 1,000)

County	2000	2010	2030
Imperial	55	75	109
Los Angeles	4,453	4,901	5,433
Orange	1,515	1,747	1,881
Riverside	527	712	1,031
San Bernardino	595	751	1,048
Ventura	337	373	445
SCAG	7,482	8,558	9,947

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